



August 21, 2008

The Honorable Kevin J. Martin
Chairman, Federal Communications Commission
445 Twelfth Street, N.W.
Washington, D.C. 20554

Dear Chairman Martin:

I am writing as a matter of public safety and welfare to request that the Federal Communications Commission (FCC) reassign the toll free number, 800-995-HOPE (800-995-4673), from the current subscriber to the Homeownership Preservation Foundation (HPF). HPF is a nonprofit organization that provides free foreclosure prevention counseling services through a nationwide toll free number known as the Homeowner's HOPE™ Hotline: 888-995-HOPE (888-995-4673).

As the attached affidavit from Philip A. Lehman, Assistant Attorney General Consumer Protection Division, N. C. Department of Justice details, distressed homeowners have been misled, are misdialing and have otherwise been confused and are dialing **800-995-HOPE** – a “copycat” counseling operation. Unlike the counselors on the Homeowner's HOPE™ Hotline 888 number, the “counselors” responding to calls on the 800 number charge fees for services that HPF provides for free and refer distressed homeowners to counselors who are not certified by the U.S. Department of Housing and Urban Development (HUD). Indeed, as detailed in Mr. Lehman's affidavit, some homeowners have lost thousands of dollars to unscrupulous “counselors” who have claimed to offer foreclosure assistance but who, instead, have merely taken precious dollars from homeowners already in financial difficulties. Reassignment of the 800-995-HOPE number is necessary immediately to minimize the economic harm to homeowners in need of no-cost, objective and independent counseling for their mortgage problems.

Founded in 2003, HPF helps at-risk homeowners avoid foreclosure by providing free, bilingual counseling services through its Homeowner's HOPE™ Hotline. As a member of the HOPE NOW Alliance (a broad-based collaboration encouraged by the Administration to stem America's foreclosure crisis), in December of 2007, HPF's Homeowner's HOPE™ Hotline became the central point of contact for homeowners with delinquent mortgages. President Bush, Treasury Secretary Henry Paulson, Senate Majority Leader Harry Reid, and countless other federal, state and local elected officials in communities across America have directed homeowners to call the Homeowner's HOPE™ Hotline.

The Homeowner's HOPE™ Hotline directly connects homeowners with trained counselors at nonprofit counseling agencies that have been certified by HUD. Offered in more than 20 languages with emphasis on English and Spanish, these counseling services are completely free to borrowers. The Homeowner's HOPE™ Hotline currently receives an average of 3,000 to 5,000 calls per day. In the second quarter of 2008, HPF received 198,450 calls and counseled 69,225 borrowers. Between January and July of this year, the

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888-995-HOPE

Homeowner's HOPE™ Hotline



Homeowner's HOPE™ Hotline received more than 530,245 calls and counseled more than 160,350 homeowners. Since July of 2007, nearly 1.7 million homeowners have obtained loan workouts through the HOPE NOW Alliance that allowed them to stay in their homes. The Homeowner's HOPE™ Hotline played a central role in assisting these homeowners.

Despite its successful work, HPF has found its efforts undercut by persistent confusion regarding the area code for the Homeowner's HOPE™ Hotline – confusion that has been exacerbated by misstatements made by President Bush, members of Congress and other prominent leaders, who have urged American homeowners to call **800-995-HOPE**.¹

The inadvertent misidentification of the Homeowner's HOPE™ Hotline by the President and other prominent officials has led to countless numbers of homeowners dialing 800-995-HOPE in error. Until recently, these callers reached a Texas-based group that provides Christian education home schooling material, the Freedom Christian Academy (FCA). Before HPF could work with FCA to transition the number to HPF, however, the 800-number had been relinquished by FCA to another party. The entity that now has the rights to use 800-995-HOPE² apparently operates as a “lead generator”: it refers homeowners trying to reach the Homeowner's HOPE™ Hotline to for-profit foreclosure counseling services and/or other mortgage market entities. See Lehman Affidavit.

This copycat 800-number presents numerous risks to the public. The services provided by the 800-number and its affiliates are on their face indistinguishable to the public from those offered by HPF through Homeowner's HOPE™ Hotline. This carries a substantial risk of real and potentially serious economic harm to American homeowners. Instead of obtaining no-cost counseling from trained, HUD-approved nonprofit counselors, homeowners who call 800-995-HOPE may be referred to non-HUD approved counselors who charge fees for their services and refer them to entities that employ predatory lending practices. Indeed, complaints have been streaming in to Attorneys General offices in at least North Carolina and Arizona regarding the questionable practices of the “counselors” responding to calls to the 800-number. Additionally, distressed homeowners who do not “qualify” for the for-profit services may fall through the cracks of the system and will be left without the free counseling assistance they could have achieved through the Homeowner's HOPE™ Hotline.

Reassigning 800-995-HOPE to HPF will serve the public interest by minimizing the risk of harm inherent in permitting a “copycat” counseling referral service to capitalize on the confusion surrounding the Homeowner's HOPE™ Hotline. Following reassignment, all homeowners who dial 800-995-HOPE will reach the Homeowner's HOPE™ Hotline and have direct access to trained, HUD-approved, nonprofit counseling agencies whose services will be provided at no cost. In addition, past (and future) publications of the Homeowner's HOPE™ Hotline number as 800-995-HOPE will no longer be incorrect.

¹ <http://politicalticker.blogs.cnn.com/2007/12/07/bush-gives-out-wrong-hotline-number/> (last visited August 10, 2008); see also <http://ag.state.nv.us/org/bcp/foreclosure/complaint.htm> (last visited August 20, 2008); http://www.cuna.org/download/hispanic_nfcdu08.pdf at page 15 (last visited August 20, 2008).

² The name of the entity that operates the 800-995-HOPE number identifies itself as Quality Choice LLC. There appears to be no publicly available information regarding this company. As outlined in Mr. Lehman's attached affidavit, however, the person operating the 800-number is Todd Cunningham.



For the foregoing reasons, HPF respectfully requests that the FCC reassign the toll free number 800-995-HOPE (800-995-4673) to HPF and direct the Responsible Organization³ for that number to permit HPF to port that number to the RespOrg of HPF's choosing, consistent with the FCC's porting rules. HPF further requests that the FCC consider this matter on an expedited basis and waive the public comment period for this request.

Sincerely,

Colleen Hernandez
President and Executive Director

cc (via electronic mail):

Ms. Amy Bender, Acting Legal Advisor (for Wireline Issues) to the Chairman
Mr. Rick Chessen, Senior Legal Advisor to Commissioner Michael J. Copps
Mr. Scott Bergmann, Senior Legal Advisor to Commissioner Jonathan S. Adelstein
Ms. Amy Blankenship, Legal Advisor to Commissioner Deborah Taylor Tate
Mr. Nicholas G. Alexander, Legal Advisor to Commissioner Robert M. McDowell
Ms. Dana R. Shaffer, Chief, Wireline Competition Bureau
Ms. Julie Veach, Deputy Chief, Wireline Competition Bureau, and Acting Chief,
Competition Policy Division

³ The 800 Service Management System identifies FSC, LLC as the Responsible Organization ("RespOrg") and service provider for the 800-995-HOPE number.

NORTH CAROLINA

WAKE COUNTY

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AFFIDAVIT OF PHILIP A. LEHMAN

Philip A. Lehman, being duly sworn, states as follows:

1. I am an Assistant Attorney General in the Consumer Protection Division of the North Carolina Attorney General's Office.
2. In April 2008, the Attorney General filed a lawsuit for injunctive relief and restitution against the Alphin Group and its principal operator, Russell E. Alphin. The Alphin Group, based in LaGrange, North Carolina, represented that it could assist homeowners facing foreclosure. North Carolina law imposes significant restrictions on debt adjusting services, including foreclosure assistance, and prohibits the collection of advance fees for such services. Our evidence showed that the Alphin Group was collecting advance fees in violation of the law and was taking advantage of homeowners who were attempting to avoid loss of their homes through foreclosures. Our evidence indicated that the Alphin Group had minimal experience in foreclosure relief, did little to counsel or advocate for homeowners, and often left the homeowners in a worse situation than they were before contacting the Alphin Group.
3. We were successful in obtaining a temporary restraining order and a preliminary injunction against the Alphin defendants. The preliminary injunction order, entered May 21, 2008, enjoins the Alphin defendants from advertising, soliciting, or offering any foreclosure assistance or debt adjusting services.
4. As part of our investigation in this case, we received information from consumers who believed they had called the national non-profit Homeowners Hope hotline, 888-995-

HOPE, but were directed to the Alphin Group after calling the toll free number. One of our witnesses, Otis McMullen, stated that he called what he thought was the national Homeowners Hope hotline in February 2008 and talked to an individual who identified himself as "Todd." Todd took some preliminary information from Mr. McMullen and said that a counselor would call Mr. McMullen back shortly. About 15 minutes later, an individual who identified himself as Russ Alphin called Mr. McMullen and said that his company, the Alphin Group, was affiliated with the Hope hotline and had years of experience in negotiating foreclosure resolutions with lenders. Both of these representations were false.

5. Subsequently, Mr. Alphin told Mr. McMullen that he had negotiated a repayment plan with Mr. McMullen's mortgage lender. Mr. McMullen then paid \$2700 to the Alphin Group, which he understood would be applied to his loan payments in arrears.
6. Shortly thereafter, Mr. McMullen learned that his mortgage lender, Homecomings Financial, had not received any communication from the Alphin Group and had not received any payments on his behalf. Mr. McMullen then contacted the legitimate Homeowners Hope hotline at 888-995-HOPE and was advised that the Homeowners HOPE hotline did not charge for its service and did not collect money from consumers.
7. Mr. McMullen was able to negotiate a forbearance agreement on his own with Homecomings Financial without any assistance from the Alphin Group. Despite the lack of services from the Alphin Group, Mr. McMullen did not receive a refund of the \$2700 retained by the Alphin Group.
8. This office has interviewed at least seven consumers who had experiences similar to Mr. McMullen's. These consumers were not just from North Carolina but resided in other

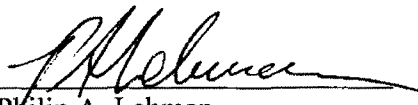
states including California, Illinois, New Hampshire and Oklahoma. Each of these consumers was seeking non-profit counseling and assistance from the official Homeowners HOPE hotline but instead reached an individual identified as Todd Cunningham who directed the consumers to the for-profit and illegal operation run by the Alphin Group. In some cases, Mr. Cunningham stated that he was a counselor with the HOPE line or that he was affiliated with the HOPE line. In most instances, he transferred the callers to the Alphin Group via a three-way conference call.

9. These consumers believed they were calling the 888-995-HOPE number when they reached Todd Cunningham, but based on recent information we have received, we believe they instead called the number using an "800" code, i.e., 800-995-HOPE. For example, we have received information that there is no record of any calls from Mr. McMullen or his phone number to the 888-995-HOPE line in the month of February 2008.
10. We have confirmed from a former employee of the Alphin Group that, beginning in February 2008, she began to receive calls from consumers who thought they had called the national non-profit Homeowners HOPE hotline. This employee said that these calls were transferred to the Alphin Group by Todd Cunningham who was located in San Diego. Russell Alphin has also confirmed that he purchased "live leads" from Todd Cunningham and paid \$75 for each such lead transferred to the Alphin Group by Mr. Cunningham.
11. We have obtained information indicating that Todd Cunningham, also known as Randall Todd Cunningham, operates a lead generating business in San Diego known as "1003 Leads." Its business telephone number is 800-555-1800, which we understand has been

used as a call-back number for consumers who call the 800-995-HOPE number.

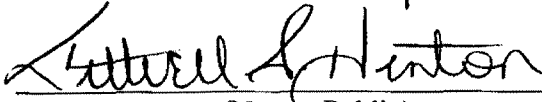
12. The diversion of struggling homeowners who are attempting to obtain foreclosure assistance from a legitimate non-profit counseling service to a for-profit scam operation has caused substantial consumer hardship. Not only do these consumers fail to receive the real counseling and loss mitigation services they desperately need, they are required to make payments to an unlawful operation instead of directing those funds toward their mortgage loan obligation. There may be countless others who refused to pay or were turned away from the for-profit counseling service who could have been helped by the non-profit Homeowners HOPE line had they dialed the correct number.
13. The existence of a copycat "HOPE" hotline, 800-995-HOPE, creates a likelihood of confusion for consumers seeking to access the 888-995-HOPE line and has caused continuing consumer injury by diverting callers from useful non-profit counseling services to illicit for-profit advance fee schemes.

This the 21st day of August, 2008.


Philip A. Lehman
Assistant Attorney General

Sworn to and subscribed before me

This the 21st day of August, 2008


(Notary Public)

My Commission Expires: July 27, 2009

